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AMENDED IN SENATE JULY 2, 2014

AMENDED IN SENATE JUNE 18, 2014

AMENDED IN ASSEMBLY MAY 9, 2013

AMENDED IN ASSEMBLY APRIL 18, 2013

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CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 225

**Introduced by Assembly Members Chau and Nestande
(Principal coauthor: Assembly Member V. Manuel Pérez)**

February 4, 2013

An act to amend Sections 18114.1, 50781, 50782, 50784, 50785, and 50786 of, and to add Sections 50784.5 and 50784.7 to, the Health and Safety Code, relating to mobilehomes, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 225, as amended, Chau. Mobilehomes: loans.

Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund, a continuously appropriated fund, to qualified mobilehome park residents, resident organizations, and nonprofit housing sponsors or local public entities to finance conversion of the parks to resident ownership to make monthly housing costs more affordable. Existing

law also requires the provision of specified information to the department before making loans for mobilehome park conversions.

This bill would change the name of the fund to the Mobilehome Park Rehabilitation and Purchase Fund. The bill would require the department to consider specified criteria in determining eligibility for, and the amount of, loans made from the fund to nonprofit housing sponsors or local public entities to acquire a mobilehome park. The bill would authorize loans to a resident organization or nonprofit housing sponsor to assist park residents with needed repairs or accessibility upgrades to the mobilehomes if specified criteria are met. The bill would also make conforming changes.

By expanding the authorization to use continuously appropriated funds, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18114.1 of the Health and Safety Code
2 is amended to read:

3 18114.1. (a) In addition to the annual registration fee required
4 by Section 18114, an annual fee of five dollars (\$5) shall be paid
5 to the department at the time of registration or renewal for each
6 transportable section of a manufactured home or mobilehome
7 registered pursuant to this part. All revenues derived from this fee
8 shall be deposited in the Mobilehome Park Rehabilitation and
9 Purchase Fund provided for in Chapter 11 (commencing with
10 Section 50780) of Part 2 of Division 31.

11 (b) Any transportable section of a manufactured home or
12 mobilehome registered pursuant to this part and located on a private
13 parcel owned by the registered owner of the manufactured home
14 or mobilehome shall be exempt from the fee imposed by
15 subdivision (a), if the owner provides documentation or a written
16 statement, signed under penalty of perjury, which establishes to
17 the satisfaction of the department that the manufactured home or
18 mobilehome is located on a private parcel owned by the registered
19 owner of the manufactured home or mobilehome.

(c) Pursuant to subdivision (b), upon renewal of registration in 1989, or thereafter, once the registered owner provides documentation or a written statement to the department to establish the exemption, the department shall not require the owner to establish the exemption in each subsequent year upon renewal, unless the department receives evidence that the manufactured home or mobilehome is no longer located on a private parcel owned by the registered owner of the home. Renewal forms for registered owners of manufactured homes or mobilehomes who have established the exemption shall not reflect or include the fee required pursuant to subdivision (a).

SEC. 2. Section 50781 of the Health and Safety Code is amended to read:

50781. Unless the context otherwise requires, the following definitions given in this section shall control construction of this chapter:

(a) “Affordable” means that, where feasible, low-income residents should not pay more than 30 percent of their monthly income for housing costs.

(b) “Conversion costs” includes the cost of acquiring the mobilehome park, the costs of planning and processing the conversion, the costs of any needed repairs or rehabilitation, and any expenditures required by a governmental agency or lender for the project.

(c) “Department” means the Department of Housing and Community Development.

(d) “Fund” means the Mobilehome Park Rehabilitation and Purchase Fund created pursuant to Section 50782.

(e) “Housing costs” means the total cost of owning, occupying, and maintaining a mobilehome and a lot or space in a mobilehome park. The department’s regulations shall specify the factors included in these costs and may, for the purposes of calculating affordability, establish reasonable allowances.

(f) “Individual interest in a mobilehome park” means any interest that is fee ownership or a lesser interest that entitles the holder to occupy a lot or space in a mobilehome park for a period of not less than either 15 years or the life of the holder. Individual interests in a mobilehome park include, but are not limited to, the following:

(1) Ownership of a lot or space in a mobilehome park or subdivision.

1 (2) A membership or shares in a stock cooperative, as defined
2 in Section 11003.2 of the Business and Professions Code, or a
3 limited equity housing cooperative, as defined in Section 817 of
4 the Civil Code.

5 (3) Membership in a nonprofit mutual benefit corporation that
6 owns, operates, or owns and operates the mobilehome park.

7 (g) “Low-income resident” means an individual or household
8 that is a lower income household, as defined in Section 50079.5.
9 However, personal assets shall not be considered in the calculation
10 of income, except to the extent that they actually generate income.

11 (h) “Low-income spaces” means those spaces in a mobilehome
12 park operated by a resident organization, a qualified nonprofit
13 housing sponsor, or a local public entity that are occupied by
14 low-income residents.

15 (i) “Mobilehome park” means a mobilehome park, as defined
16 in Section 18214, or a manufactured home subdivision created by
17 the conversion of a mobilehome park, as defined in Section 18214,
18 including a senior park, to resident ownership or ownership by a
19 qualified nonprofit housing sponsor or local public entity.

20 (j) “Program” means the Mobilehome Park Rehabilitation and
21 Resident Ownership Program.

22 (k) “Qualified nonprofit housing sponsor” means a nonprofit
23 public benefit corporation, as defined in Part 2 (commencing with
24 Section 5110) of Division 2 of the Corporations Code, that (1) has
25 received its tax-exempt status under Section 501(c)(3) of the
26 Internal Revenue Code, (2) is not affiliated with or controlled by
27 a for-profit organization or individual, (3) has extensive experience
28 with the development and operation of publicly subsidized
29 affordable housing, (4) the department determines is qualified by
30 experience and capability to own and operate a mobilehome park
31 that provides housing affordable to low-income households, and
32 (5) has formal arrangements for ensuring resident participation or
33 input in the management of the park that may include, but not be
34 limited to, membership on the board of directors. “Qualified
35 nonprofit housing sponsor” also means a limited partnership where
36 all of the general partners are nonprofit mutual or public benefit
37 corporations that meet the requirements of paragraphs (1) to (5),
38 inclusive.

39 (l) “Resident organization” means a group of mobilehome park
40 residents who have formed a nonprofit corporation, cooperative

1 corporation, or other entity or organization for the purpose of
2 acquiring the mobilehome park in which they reside and converting
3 the mobilehome park to resident ownership. The membership of
4 a resident organization shall include at least two-thirds of the
5 households residing in the mobilehome park, or in each park of a
6 combination of parks where the residents of two or more parks
7 combine to form a single resident organization. The two-thirds of
8 households in the resident organization at the time of funding the
9 park need not be the same households that were residing in the
10 park when the application for assistance was submitted to the
11 department. A household's membership in the resident organization
12 when the application was submitted to the department shall not be
13 a requirement for that household to receive a loan or assistance
14 under this chapter.

15 (m) "Resident ownership" means, depending on the context,
16 either the ownership by a resident organization of an interest in a
17 mobilehome park that entitles the resident organization to control
18 the operations of the mobilehome park for a term of no less than
19 15 years, or the ownership of individual interests in a mobilehome
20 park, or both.

21 SEC. 3. Section 50782 of the Health and Safety Code is
22 amended to read:

23 50782. (a) The Mobilehome Park Rehabilitation and Purchase
24 Fund is hereby created in the State Treasury and, notwithstanding
25 Section 13340 of the Government Code or any other law, is
26 continuously appropriated to the department for the purpose of
27 providing loans pursuant to this chapter and for related
28 administrative costs of the department. Notwithstanding Section
29 16305.7 of the Government Code, any moneys received by the
30 department pursuant to this chapter, and any other sources,
31 repayments, interest, or new appropriations, shall be deposited in
32 the fund. Except as described in subdivision (b), moneys in the
33 fund shall not be subject to transfer to any other fund pursuant to
34 any provision of Part 2 (commencing with Section 16300) of
35 Division 4 of Title 2 of the Government Code, except the Surplus
36 Money Investment Fund. The department may require the transfer
37 of moneys in the fund to the Surplus Money Investment Fund for
38 investment pursuant to Article 4 (commencing with Section 16470)
39 of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government
40 Code. Notwithstanding Section 16305.7 of the Government Code,

1 all interest, dividends, and pecuniary gains from the investments
2 shall accrue to the fund.

3 (b) Notwithstanding any other law, the Controller may use the
4 moneys in the Mobilehome Park Rehabilitation and Purchase Fund
5 for loans to the General Fund as provided in Sections 16310 and
6 16381 of the Government Code. However, interest shall be paid
7 on all moneys loaned to the General Fund from the Mobilehome
8 Park Rehabilitation and Purchase Fund. Interest payable shall be
9 computed at a rate determined by the Pooled Money Investment
10 Board to be the current earning rate of the fund from which loaned.
11 This subdivision does not authorize any transfer that will interfere
12 with the carrying out of the object for which the fund was created.

13 SEC. 4. Section 50784 of the Health and Safety Code is
14 amended to read:

15 50784. (a) The department may make loans from the fund to
16 individual low-income residents of mobilehome parks that have
17 converted to resident ownership or resident organizations ~~or~~
18 ~~qualified nonprofit sponsors~~ that have converted or plan to convert
19 a mobilehome park to resident ownership. The purpose of providing
20 loans pursuant to this section is to reduce the monthly housing
21 costs for low-income residents to an affordable level.

22 (b) Loans provided pursuant to this section shall be for a term
23 of no more than 40 years and shall bear interest at a rate of 3
24 percent per annum, unless the department finds that a lower interest
25 rate is necessary and will not jeopardize the financial stability of
26 the fund.

27 (c) The department may establish flexible repayment terms for
28 loans provided pursuant to this section if the terms are necessary
29 to reduce the monthly housing costs for low-income residents to
30 an affordable level, and do not represent an unacceptable risk to
31 the security of the fund. ~~Flexible repayment terms may include,~~
32 ~~but are not limited to, graduated payment schedules with negative~~
33 ~~amortization.~~

34 (d) Loans provided to low-income residents pursuant to this
35 section shall be for the minimum amount necessary to reduce the
36 borrower's monthly housing costs to an affordable level. All of
37 the following shall apply to loans to finance individual interests
38 pursuant to this section:

39 (1) To the extent possible, loan amounts shall not exceed 50
40 percent of the acquisition costs of the individual interests in the

1 mobilehome parks. However, the loan amounts may be for up to
2 100 percent of the acquisition costs of the individual interests in
3 the mobilehome parks when approved by the department.

4 (2) The department may grant approval to exceed 50 percent of
5 the acquisition costs of the individual interests only if both of the
6 following are demonstrated:

7 (A) That the low-income resident has made an effort to secure
8 additional funding from other sources and these funds are not
9 available.

10 (B) That the low-income resident would be unable to purchase
11 an individual interest without a waiver of the 50-percent financing
12 limitation.

13 (3) The total indebtedness of the loan provided pursuant to this
14 section plus any senior debt upon individual interests may not
15 exceed 115 percent of the value of the collateral securing the loan,
16 plus the amount of costs incidentally, but directly, related to the
17 acquisition.

18 (e) Loans provided to resident organizations pursuant to this
19 section shall be for the minimum amount necessary to reduce the
20 monthly housing costs of low-income residents to an affordable
21 level. All of the following shall apply to loans made to resident
22 organizations pursuant to this section:

23 (1) To the extent possible, loan amounts shall not exceed 50
24 percent of the conversion costs attributable to the low-income
25 spaces. However, the loan amounts may be for up to 95 percent
26 of the conversion costs attributable to the low-income spaces when
27 approved by the department.

28 (2) The department may grant approval to exceed 50 percent of
29 the conversion costs attributable to low-income spaces only if both
30 of the following are demonstrated:

31 (A) That the applicant has made an effort to secure additional
32 funds from other sources and these funds are not available.

33 (B) That the project would not be feasible as determined by the
34 department without a waiver of the 50-percent financing limitation.

35 (3) The total secured debt in a superior position to the
36 department's loan plus the department's loan shall not exceed the
37 value of the collateral securing the loan plus the amount of costs
38 incidentally, but directly, related to the acquisition and, if
39 applicable, rehabilitation of the park.

1 (f) Funds provided pursuant to this section shall not be used to
2 assist residents who are not of low income or to reduce monthly
3 housing costs for low-income residents to less than 30 percent of
4 their monthly income.

5 (g) Subject to the restrictions of this subdivision, funds provided
6 pursuant to this section may be used to finance the costs of
7 relocating a mobilehome park to a more suitable site within the
8 same jurisdiction if the department determines that the cost of the
9 relocation, including any and all relocation costs to the affected
10 households, is a more prudent expenditure of funds than the costs
11 of needed or repetitive repairs to the existing park. Funds provided
12 pursuant to this section shall not be used to relieve a park owner
13 of any responsibility for covering the costs of mitigating the
14 impacts of a park closure as may be provided for by local ordinance
15 or pursuant to Section 65863.7 or 66427.4 of the Government
16 Code.

17 SEC. 5. Section 50784.5 is added to the Health and Safety
18 Code, to read:

19 50784.5. (a) The department may make loans from the
20 Mobilehome Park Rehabilitation and Purchase Fund to a qualified
21 nonprofit housing sponsor or a local public entity to acquire a
22 mobilehome park, provided that no less than 30 percent of residents
23 at the time of acquisition are low income.

24 (b) Loans may be provided pursuant to this section where either
25 of the following applies:

26 (1) The park to be acquired has significant outstanding violations
27 of the Mobilehome Parks Act (Part 2.1 (commencing with Section
28 18200)) that threaten the long-term viability of the park and that
29 will be remedied by the purchaser.

30 (2) The department determines that the acquisition of the park
31 will have a substantial benefit to low- and moderate-income
32 homeowners and that the purchaser will maintain rents at levels
33 affordable to lower income households.

34 (c) (1) Any mobilehome park purchased by a local public entity
35 with a loan pursuant to this section shall be transferred to a
36 qualified nonprofit housing sponsor or to a resident organization
37 that plans to convert the park to resident ownership no later than
38 three years from the date of loan closing, with all obligations under
39 the loan assumed by the nonprofit organization or resident
40 organization.

1 (2) If a local public entity has made a good faith effort, but has
2 not been able, to transfer the park by the end of the three-year
3 period, the entity may apply to the department for an additional
4 three-year extension. Upon a determination by the department that
5 the local public entity has made a good faith effort to transfer the
6 park in accordance with paragraph (1), it shall have an additional
7 three years from the expiration date of the first three-year period
8 to consummate the transfer. The three-year extension shall only
9 be granted once by the department for each loan to a local public
10 entity.

11 (3) If a local public entity fails to make a good faith effort to
12 transfer the park within the first three-year period, as determined
13 by the department, or fails to transfer the park by the expiration
14 date of the extended three-year period, it shall repay the loan in
15 full to the department.

16 (d) All of the following shall apply to loans provided pursuant
17 to this section:

18 (1) Loans shall be for a term of no more than 40 years and shall
19 bear interest at a rate of 3 percent per annum unless the department
20 finds that a lower interest rate is necessary and will not jeopardize
21 the financial stability of the fund.

22 (2) The department may establish flexible repayment terms for
23 loans provided pursuant to this section if the terms do not represent
24 an unacceptable risk to the security of the fund. ~~Flexible repayment~~
25 ~~terms may include, but are not limited to, graduated payment~~
26 ~~schedules with negative amortization.~~

27 (3) Loans shall be for the minimum amount necessary to bring
28 the park into compliance with all applicable health and safety
29 standards and to maintain the monthly housing costs of lower
30 income residents at an affordable level.

31 (4) The total secured debt in a superior position to the
32 department's loan plus the department's loan shall not exceed the
33 value of the collateral securing the loan plus the amount of costs
34 incidentally, but directly, related to the acquisition and
35 rehabilitation of the park.

36 (e) In determining the eligibility for and amount of loans
37 pursuant to this section, the department shall take into
38 consideration, among other factors, all of the following:

39 (1) The current health and safety conditions in the park and the
40 likelihood that conditions would be remedied without the loan.

1 (2) The degree to which the loan will benefit lower income
2 homeowners.

3 (3) The age of the park and the age of the infrastructure that
4 will be rehabilitated with the loan proceeds.

5 (f) Before providing financing pursuant to this section, the
6 department shall require provision of, and approve, at least all of
7 the following:

8 (1) Verification that either no park residents shall be
9 involuntarily displaced as a result of the purchase or that the
10 impacts of the displacement shall be mitigated as required under
11 state and local law. For purposes of this requirement, compliance
12 with Section 66427.5 of the Government Code shall be
13 conclusively presumed to have mitigated economic displacement.

14 (2) Projected costs and sources of funds for all purchase and
15 rehabilitation activities.

16 (3) Projected operating budget for the park after the purchase.

17 (4) A management plan for the operation of the park.

18 SEC. 6. Section 50784.7 is added to the Health and Safety
19 Code, to read:

20 50784.7. (a) The department may make loans to ~~applicant~~
21 resident organizations or qualified nonprofit sponsors from the
22 Mobilehome Park Rehabilitation and Purchase Fund for the purpose
23 of assisting lower income homeowners to make needed ~~repairs~~,
24 ~~or make repairs or~~ accessibility-related upgrades to their
25 mobilehomes. Loans made pursuant to these provisions shall meet
26 both of the following requirements:

27 (1) The applicant entity ~~is authorized to receive loans~~ *has*
28 *received a loan or loans* pursuant to Section 50783, 50784, or
29 50784.5 for the purpose of assisting homeowners within a park
30 proposed for acquisition or conversion.

31 (2) The applicant entity demonstrates sufficient organizational
32 stability and capacity to manage a portfolio of individual loans
33 over an extended time period. This capacity may be demonstrated
34 by substantial successful experience performing similar activities
35 or through other means acceptable to the department.

36 (b) The department may adopt guidelines to implement this
37 section.

38 SEC. 7. Section 50785 of the Health and Safety Code is
39 amended to read:

1 50785. (a) In determining the eligibility for and amount of
2 loans pursuant to this chapter, the department shall take into
3 consideration, among other factors, all of the following:

4 (1) The reasonableness of the conversion costs relating to
5 repairs, rehabilitation, construction, or other costs.

6 (2) Any administrative and security factors affecting the
7 department's program operation and administration.

8 (3) Whether or not the projects complement the implementation
9 of a local housing program to preserve or increase the supply of
10 housing for persons and families of low or moderate income.

11 (4) Whether or not state funds are utilized in the most efficient
12 and effective manner.

13 (5) In the case of a loan to a qualified nonprofit housing sponsor
14 or to a local public entity, evidence of resident participation in the
15 conversion and management of the park, in the form of either
16 resident participation on the board of directors of the entity that
17 acquires ownership of the park, or the establishment of, and
18 consultation with, a permanent resident advisory board.

19 (b) To the extent consistent with requests for assistance, the
20 department shall allocate funds available for the purposes of this
21 chapter throughout the state in accordance with identified housing
22 needs, including seeking to allocate not less than 20 percent to
23 rural areas.

24 SEC. 8. Section 50786 of the Health and Safety Code is
25 amended to read:

26 50786. (a) The department shall adopt regulations for the
27 administration and implementation of this chapter.

28 (b) The department shall obtain the best available security for
29 loans made pursuant to this chapter. The security may include a
30 note, deed of trust, assignment of lease, or other form of security
31 on real or personal property that the department determines is
32 adequate to protect the interests of the state. To the extent
33 applicable, these documents and any regulatory provisions shall
34 be recorded or referenced in a recorded document in the office of
35 the county recorder of the county in which the mobilehome park
36 is located.

37 (c) The degree of continuing regulatory control with respect to
38 park operations and resident loans exercised by the department in
39 making loans pursuant to this chapter shall be commensurate with
40 the level of financial assistance provided and in all cases shall be

1 adequate to protect the state's security interest and ensure the
2 accomplishment of the purposes of the program authorized by this
3 chapter. The regulatory requirements shall be set forth in a
4 regulatory agreement, deed of trust, or other lien, and any violation
5 of these requirements shall be considered a violation of a security
6 document. If loans are made to a qualifying nonprofit housing
7 sponsor or local public entity, a regulatory agreement shall be
8 recorded against the mobilehome park. This regulatory agreement
9 shall contain provisions limiting occupancy, rents, and park
10 operation for the entire loan term. The department may release
11 individual spaces from the regulatory agreement only if they are
12 purchased by residents who occupy them.

13 (d) Before providing financing pursuant to Sections 50783 and
14 50784, the department shall require provision of, and approve, at
15 least all of the following:

16 (1) Verification at the time of application and prior to funding
17 that at least two-thirds of the households residing in the
18 mobilehome park support the plans for acquisition and conversion
19 of the park.

20 (2) Verification that either no park residents shall be
21 involuntarily displaced as a result of the park conversion or the
22 impacts of the displacement shall be mitigated as required under
23 state and local law. For purposes of this requirement, compliance
24 with Section 66427.5 of the Government Code shall be
25 conclusively presumed to have mitigated economic displacement.

26 (3) Verification that the conversion is consistent with local
27 zoning and land use requirements, other applicable state and local
28 laws, and regulations and ordinances.

29 (4) Projected costs and sources of funds for all conversion
30 activities.

31 (5) Projected operating budget for the park during and after the
32 conversion.

33 (6) A management plan for the conversion and operation of the
34 park.

35 (7) If necessary, a relocation plan for residents not participating
36 that is in compliance with Chapter 16 (commencing with Section
37 7260) of Division 7 of Title 1 of the Government Code.

38 (e) The department shall, to the greatest extent feasible, do all
39 of the following:

1 (1) Require participation by cities and counties in loan
2 applications submitted pursuant to this chapter.

3 (2) Contract with private lenders or local public entities to
4 provide program administration and to service loans made pursuant
5 to this chapter.

6 (3) Give priority to applications for resident-owned parks.

7 (f) The department may provide technical assistance to loan
8 applicants, or may contract with a qualified nonprofit entity to
9 provide that technical assistance, and may include the reasonable
10 costs of the technical assistance as a part of the loan principal.

11 SEC. 9. This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety within
13 the meaning of Article IV of the Constitution and shall go into
14 immediate effect. The facts constituting the necessity are:

15 In order to immediately increase the accessibility of funds to
16 mobilehome residents who suffer from unaffordable housing costs,
17 it is necessary that this bill go into immediate effect.